



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

June 19, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

**SUBJECT: LOS ANGELES HOMELESS SERVICES AUTHORITY – A
DEPARTMENT OF PUBLIC SOCIAL SERVICES HOMELESS
CALWORKS FAMILIES PROJECT PROGRAM PROVIDER –
CONTRACT COMPLIANCE REVIEW**

We completed a program and fiscal review of the Los Angeles Homeless Services Authority (LAHSA or Agency), which covered a sample of transactions from July 2011 through July 2012. The Department of Public Social Services (DPSS) contracts with LAHSA, a governmental organization, to provide Homeless CalWORKs Families Project (HCFP) Program services. HCFP services include transportation, crisis intervention referrals, emergency housing, transitional housing, and emergency supplies to the participants and their family.

The purpose of our review was to determine whether LAHSA appropriately accounted for and spent HCFP funds to provide the services outlined in their County contract. We also evaluated the Agency's accounting records, internal controls, and compliance with their contract and other applicable guidelines.

DPSS paid the Agency approximately \$2.3 million on a cost-reimbursement basis from July 2011 through July 2012. LAHSA provides services to residents of all Supervisorial Districts.

Results of Review

LAHSA provided services to eligible individuals, appropriately charged expenditures to the HCFP Program, and Agency staff had the required qualifications. However, the Agency did not always comply with all of the County contract requirements. Specifically, the Agency did not accurately report to DPSS the total number of emergency housing days for 16 (89%) of the 18 participants reviewed. Although none of the errors resulted in LAHSA exceeding the maximum 120-days allowed per participant, LAHSA should ensure they accurately report participants' emergency housing days.

LAHSA's attached response indicates that they will implement a quality assurance component to ensure their monthly reports accurately track participants' emergency housing days.

Details of our review, along with a recommendation for corrective action, is attached.

Review of Report

We discussed our report with LAHSA and DPSS in May 2013. LAHSA's attached response indicates agreement with our finding and recommendation. DPSS will work with LAHSA to ensure that our recommendation is implemented.

We thank LAHSA management for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:AB:DC:AA

Attachment

c: William T Fujioka, Chief Executive Officer
Sheryl L. Spiller, Director, Department of Public Social Services
Elise Buik, Board Chair, LAHSA
Michael Arnold, Executive Director, LAHSA
Public Information Office
Audit Committee

**LOS ANGELES HOMELESS SERVICES AUTHORITY
HOMELESS CALWORKS FAMILIES PROJECT PROGRAM
CONTRACT COMPLIANCE REVIEW
JULY 2011 THROUGH JULY 2012**

ELIGIBILITY

Objective

Determine whether Los Angeles Homeless Services Authority (LAHSA or Agency) provided services to individuals who met the Homeless CalWORKs Families Project (HCFP) Program eligibility requirements.

Verification

We reviewed the case files for 18 (27%) of the 67 participants who received services during June 2012 for documentation to confirm their eligibility for HCFP Program services.

Results

LAHSA had documentation to support all 18 participants' eligibility for HCFP Program services.

Recommendation

None.

PROGRAM SERVICES

Objective

Determine whether LAHSA provided the services required by their County contract and HCFP Program guidelines, and whether the Program participants received the billed services. In addition, determine whether LAHSA exceeded the maximum 120-days of emergency housing allowed per participant.

Verification

We reviewed the case files for 18 (27%) of the 67 participants who received services during June 2012. In addition, we reviewed LAHSA's Emergency Housing Tracking Report and supporting documentation for May and June 2012.

Results

LAHSA provided services in accordance with their County contract. However, the Agency did not accurately report to the Department of Public Social Services (DPSS) the total number of emergency housing days for 16 (89%) of the 18 participants

reviewed. Although none of the errors resulted in LAHSA exceeding the 120-day maximum, LAHSA should ensure they accurately report participants' emergency housing days to DPSS.

Recommendation

1. LAHSA management ensure they accurately report participants' emergency housing days to DPSS.

STAFFING QUALIFICATIONS**Objective**

Determine whether LAHSA's staff had the qualifications required by their County contract.

Verification

We reviewed the personnel files for nine (20%) of the 44 LAHSA employees who worked on the HCFP Program.

Results

LAHSA's staff had the qualifications required by their County contract.

Recommendation

None.

CASH/REVENUE**Objective**

Determine whether LAHSA recorded revenue in the Agency's financial records properly, deposited cash receipts in their bank account timely, and that bank account reconciliations were reviewed and approved by Agency management.

Verification

We interviewed LAHSA management, and reviewed the Agency's financial records and July 2012 bank reconciliation.

Results

LAHSA recorded revenue in their financial records properly, deposited DPSS payments into the Agency's bank account timely, and the Agency's management reviewed and approved monthly bank reconciliations appropriately.

Recommendation

None.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether expenditures charged to the HCFP Program were allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed LAHSA's personnel, and reviewed financial records for 15 non-payroll expenditures, totaling \$77,482, that the Agency charged to the HCFP Program during Fiscal Year (FY) 2011-12.

Results

LAHSA's expenditures were allowable, properly documented, and accurately billed.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether LAHSA charged payroll costs to the HCFP Program appropriately, and maintained personnel files as required.

Verification

We reviewed the Agency's financial records, and compared the payroll costs for nine employees, totaling \$14,628, for June 2012 to the Agency's payroll records and time reports. We also interviewed staff, and reviewed the personnel files for nine LAHSA HCFP Program staff.

Results

LAHSA appropriately charged payroll costs to the HCFP Program and maintained personnel files as required.

Recommendation

None.

COST ALLOCATION PLAN**Objective**

Determine whether LAHSA prepared their Cost Allocation Plan (Plan) in compliance with their County contract, and used the Plan to allocate shared costs appropriately.

Verification

We reviewed LAHSA's Plan, and a sample of expenditures from FY 2011-12.

Results

LAHSA prepared its Plan in compliance with the County contract, and the Agency allocated their shared costs appropriately.

Recommendation

None.

CLOSE-OUT**Objective**

Determine whether LAHSA had any unspent revenue for the HCFP Program for FY 2011-12.

Verification

We compared the total revenues and expenditures from LAHSA's FY 2011-12 accounting records to DPSS' payment records.

Results

LAHSA did not have any unspent revenue during FY 2011-12.

Recommendation

None.



G. Michael Arnold
Executive Director

Board of Commissioners

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Administrative Office

811 Wilshire Blvd.
6th Floor
Los Angeles, CA 90017

213 683.3333 - PH
213 892.0092 - FX
213 553.8488 - TTY

www.lahsa.org

May 9, 2013

Wendy Watanabe, Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 South Figueroa Street, 8th Floor
Los Angeles, CA 90071

Re: Program and Fiscal Review of Homeless CalWORKs Families Project (HCFP)
Contract No. 76176
For the Period July 1, 2011 through June 30, 2012

Dear Ms. Watanabe

The Los Angeles Homeless Services Authority (LAHSA) is in receipt of the report of the review of the subject program by the County of Los Angeles Auditor-Controller's Office.

Results of Review

LAHSA provided services to eligible individuals, maintained adequate financial controls, and appropriately charged expenditures to the HCFP Program. However, the Agency did not always comply with all of the County contract requirements. Specifically, the Agency did not accurately report to DPSS the total number of emergency housing days for 16 (89%) of the 18 participants reviewed. Although none of the errors resulted in LAHSA exceeding the maximum 120-days allowed per participant, LAHSA should ensure they accurately report participants' emergency housing days to DPSS.

LAHSA Response:

LAHSA agrees with the results of this review. LAHSA will implement a quality assurance component in the Monthly Management Report (MMR) process. To ensure the 120 days are tracked accurately, the HCFP Program Managers will meet weekly with the HCFP Housing Specialists to review the 120-day balance for each client for the month of the reporting. The previous month's 120-day balance will be referenced to ensure any movement of clients within that month is captured. A document or e mail will be obtained from DPSS/DMH specifying the start/admin date to ensure the initial request for the 120 is correct for all monthly reporting.

The 120 day tracking will be done solely by the Housing Specialists and reviewed by the Program Managers to ensure the monthly balance is being tracked accurately. The Report will be reviewed by the Program Supervisor prior to submission to ensure that there are no variances.

We hope this quality assurance plan meets with the Auditor-Controller's Office approval.

We would additionally like to address and make recommendations regarding inaccurate and untimely reporting to LAHSA of the entrance date for project participants by the Department of Mental Health (DMH) and mental health providers assigned to the project.


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May 9, 2013
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In the past LAHSA has communicated in verbal reports to DPSS the inconsistencies of entrance dates and not receiving adequate written documentation of these dates. After discussion of this matter with DPSS, LAHSA recommends implementing the following action plan:

- 1) DPSS will create a reporting document to be used by DMH and contracted mental health providers assigned to the project. This report is to be submitted to LAHSA to accurately reflect and record the date of enrollment for the each participant at the point of enrollment in the project.
- 2) The establishment of the reporting document as part of a uniform procedure for immediate notification to LAHSA of participants' project entrance date will allow LAHSA to accurately track the 120 days of emergency housing for each participant.
- 3) LAHSA will include the Project Entrance Report created by DPSS as supportive documentation for participant tracking information in the DPSS/Cal-WORKs Monthly Management Report (MMR) submitted to DPSS by LAHSA on a monthly basis.

We hope our response facilitates clearing the recommendations from the review. Thank you for your assistance, please contact me at vbrown@lahsa.org or by telephone at (213) 689-4099 should you have any questions regarding our response.

Sincerely,

 for MBA 5-9-2013
Chester Bieganski
Chief Financial Officer